

Coal Age 30 March 2012

R

Chis/O32 Incoming

R

GENVAL PLEADS GUILTY ENDING CRANDALL CANYON INVESTIGATION



U.S. Attorney David B. Barlow announces during a press conference that the Department of Justice has charged Genval Resources with two criminal violations in the wake of the deadly 2007 Crandall Canyon mine disaster in Utah. (Photo: Chris Benick, The Salt Lake Tribune)

The U.S. Attorney's Office for the District of Utah filed charges against Genval Resources in U.S. District Court in Salt Lake City on March 2, 2012. The coal company, which is owned by Robert E. Murray, operated the Crandall Canyon mine. In an agreement that brings an end to a four-year investigation related to the August 2007 incident at the mine, Genval will plead guilty to two misdemeanor violations of the Mine Act. The first concerns a failure to report within 15 minutes to the Mine Safety and Health Administration (MSHA) a bounce that disrupted regular mining activity for more than one hour. The second misdemeanor involves a violation of the roof control plan by mining a barrier pillar.

Under the agreement, Genval Resources will plead guilty to both charges and pay the maximum fine allowed under the law of \$250,000 per count. The company admitted it had a duty to report the March 10, 2007, accident to MSHA within 15 minutes and willfully did not report the accident once it had occurred. The company

also admitted it was aware of the approved roof control plan amendment that prohibited mining the barrier pillar between crosscuts 142-139 in the No. 1 entry. The company admitted it willfully mined the barrier pillar in the prohibited area. The U.S. Attorney's Office agreed it will not bring other charges against Genval or any of its related companies, individuals, officers or directors in connection with Crandall Canyon. The plea agreement is now subject to a judicial review.

Six miners were trapped inside the Crandall Canyon mine following a catastrophic mine collapse on August 6, 2007. Over the next several days, rescuers worked to reach the trapped miners. Another massive coal outburst took the lives of three rescuers and injured six others 10 days after the rescue operations commenced. Rescue efforts at the mine were called off.

Referrals for criminal investigations of the accidents were made to the Department of Justice by the U.S. Senate and Rep. George Miller, then Chairman of the Committee on Education and Labor in the U.S. House of Representatives. MSHA also made a formal referral to the Justice Department asking for a criminal investigation.

"We were asked to review these referrals to determine whether any criminal violations occurred during the mine accidents," U.S. Attorney David B. Barlow said. "In gathering and evaluating the evidence, our office not only considered all of the potential charges that Congress and MSHA referred, but we also considered many more theories of prosecution beyond those in the referrals."

The U.S. Attorney's Office and the FBI began an extensive investigation involving the review of more than 84,000 documents containing hundreds of thousands of pages from MSHA and Congress. Although MSHA and congressional referrals provided needed information, they were not prepared to specifically determine whether there was sufficient evidence of a criminal act to convince a jury to convict beyond a reasonable doubt. Prosecutors and agents conducted interviews, consulted with mining experts, and used other

BREAKING NEWS

CONSOL Energy Idles Longwall Production

Responding to increased inventories and decreased international demand for its metallurgical coal, CONSOL Energy announced during early March that it will idle longwall production at its Buchanan mine in southwest Virginia and reduce its continuous mining operating schedule to five days per week.

The company does not know how long the Buchanan longwall mining operations will be idled, however CONSOL Energy expects production to be reduced by approximately 295,000 tons per month on this reduced schedule.

This action involves no layoffs, however most overtime and other non-essential work may be postponed until resumption of normal operations. The Buchanan mine will continue to work on safety and compliance. The Buchanan mine has 778 total employees, who have been officially briefed on the situation.

This announcement came on the heels of a similar announcement in late February regarding the Blacksville No. 2 mine. The company said that, in response to flat market conditions, it would idle its Blacksville No. 2 longwall mining unit in northern West Virginia and reduce its continuous mining operating schedule to four days per week.

In 2011, the Blacksville No. 2 mine produced 4.3 million tons of coal using a single longwall and three continuous mining units. It is not known how long the Blacksville No. 2 longwall mining operations will be idled, but CONSOL said the mine will still produce approximately 400,000 tons per month on this reduced schedule. Similarly, the company said it did not expect to lay off any of the 555 miners, however overtime and other non-essential work may be postponed until normal operations resume.

TOP 10 COAL-PRODUCING STATES

(in Thousand Short Tons)			
Week Ending (2/25/12)	YTD '12	YTD '11	% Change
Wyoming	50,401	54,854	8.1
West Virginia	20,523	22,239	-7.7
Kentucky	16,382	17,432	-6.0
Pennsylvania	8,895	9,674	-8.1
Texas	6,358	6,444	-1.3
Indiana	5,497	5,994	-8.3
Illinois	5,397	5,571	-3.1
Montana	5,276	5,488	-3.9
Colorado	5,041	3,832	31.6
North Dakota	4,505	4,663	-3.4
U.S. Total	162,921	169,936	-4.1

investigative tools to gather significant additional evidence in the case. The U.S. Attorney's Office also conducted its own interviews, consulted with mining experts, and used other investigative tools to seek additional material.

"Criminal laws require a very high standard. We must prove that a person knew what the law required and knowingly and willfully violated it. We also must prove every element of the crime beyond a reasonable doubt. After considering the evidence, the law, and the heavy burden of proof we must carry in court, the charges we filed meet this high standard," Barlow said.

"We recognize that nothing we can do will ever bring back the miners and rescuers who perished, restore the health of those who were injured during the rescue, or erase the nightmares that still haunt those who were first-hand witnesses to these tragedies. However, it is our hope that these charges, and the maximum penalties that come with them, will remind mining companies everywhere of the importance of obeying safety laws," Barlow said.

In a prepared statement, Genval said it has always maintained that its plan for mining at Crandall Canyon was safe—a belief that was shared by MSHA (which approved the plan) and the mine engineering firm on which Genval relied.

Alliance Acquires Green River Collieries

Alliance Resource Partners (ARLP) will acquire most of the assets that belong to Green River Collieries, formerly known as Advent Mining, which was owned by Chester Thomas. Located in Webster and Hopkins counties, Ky., the assets include the Onton No. 9 mining complex and an estimated 40 million tons of coal reserves in the West Kentucky No. 9 coal seam.

"Strategically the acquisition of Green River further expands our presence and enhances ARLP's existing operating platform in the growing Illinois Basin coal market," said Joe Craft, president and CEO, ARLP. "The Onton No. 9 mine is an attractive addition to our current operations in western Kentucky and provides ARLP with increased flexibility to service our existing customer base."

The Onton No. 9 mine is an underground mining complex which uses three continuous mining units employing room-and-pillar mining techniques. The mine currently produces about 2.1 million tons of coal and employs 315 miners. Green River is in the process of completing an air shaft which would allow the addition of a fourth continuous mining unit should market conditions